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SIPDIS

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TAGS: [EFIN](#) [ECON](#) [ETRD](#) [PARM](#) [PGOV](#) [PREL](#) [KNNP](#) [IR](#) [GM](#)
SUBJECT: GERMANY ON IMPLEMENTATION OF THE FINANCIAL
PROVISIONS OF UNSCR 1803

REF: A. STATE 29096 (UNSCR 1803 IMPLEMENTATION)

- [1B.](#) STATE 29398 (FINCEN ADVISORY)
- [1C.](#) STATE 27642 (U.S. DESIGNATION OF FUTURE BANK)
- [1D.](#) BERLIN 333
- [1E.](#) BERLIN 211
- [1F.](#) DUSSELDORF 003

Classified By: EMIN Robert A. Pollard for reasons 1.4 (b)
and (d).

[11.](#) (S) EconOff delivered ref A-C demarches during the week of March 24 to MFA International Economic Policy Officer Claudia Schuett, Economics Ministry Foreign Trade Law Division Desk Officer Ernst Roeder-Messell, and Finance Ministry Terrorism Finance and Financial Crimes Division Director Michael Findeisen. Schuett and Roeder-Messell noted that the EU Commission has already implemented financial measures targeting individuals and entities listed in UNSCR 1803 Annexes I and III. Responsibility for implementing the remaining financial provisions of UNSCR 1803 will fall to the Economics Ministry and the German Bundesbank following adoption of a corresponding EU Common Position, currently under discussion in Brussels.

[12.](#) (S) Interlocutors from all three ministries noted that the German Federal Financial Supervisory Authority (BaFin), in cooperation with the Finance Ministry and the major German banking associations, circulated specific guidance in early February informing banks that the October 2007 Financial Action Task Force (FATF) statement on Iran legally obligates German banks to undertake additional due diligence on all Iran-related transactions. BaFin plans to circulate the text of the March 2008 FATF statement highlighting the need for rigorous due diligence on all transactions involving the countries mentioned, even though the text does not include new Iran-specific guidance. Economics Ministry and MFA interlocutors also inquired about U.S. progress in implementing UNSCR 1803.

[13.](#) (S) Schuett said some German officials initially expressed concern that the FinCen advisory included a "German bank," the European-Iranian Commercial Bank (Europaeisch-Iranische Handelsbank AG, or EIHB). EconOff responded that the fact that EIHB is wholly owned by certain Iranian interests, including Bank Mellat, is grounds for concern. COMMENT: According to BaFin officials, EIHB and other Iranian banks have come under greater scrutiny since the passage of UNSCR [1747](#). BaFin has imposed additional reporting requirements and scheduled additional supervisory meetings in order to ensure that Iranian banks are not interfering with or circumventing UN and EU sanctions (see also refs D-F). END COMMENT.

TIMKEN JR